



# MID-YEAR REPORT 2008





**GUYANA**

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**MID-YEAR REPORT**

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## **1. Introduction**

1.1 This 2008 mid-year report provides an update on the performance of the economy as at the end of June this year, along with a revised economic outlook for the remainder of the year. It also briefly reviews certain key issues facing the national development agenda and which impact on the macroeconomic projections contained in Budget 2008.

1.2 On 22<sup>nd</sup> February this year, Budget 2008 was presented in the National Assembly under the theme *Staying the Course: Advancing the Transformation Agenda*. This theme reflected our Government's unswerving commitment to the objective of completing the transformation to a modern and prosperous Guyana even in the face of challenging external and domestic circumstances.

1.3 The agenda for achieving this transformation is based on the preservation of macroeconomic stability, strengthening of the regulatory and institutional environment, continued expansion of the economic and physical infrastructure of the country, and progressive reduction in poverty and improvement in quality of life. It emphasises sustained investment in the social sector with the aim of improving quality and expanding access to basic social services, and special interventions designed to benefit the most vulnerable in our society.

1.4 Foremost among the challenges recognised on the external front at the time of Budget 2008 was the spectre of high and rising world market prices for fuel and food commodities, and an outlook that suggested that this phenomenon was expected to remain a part of the global environment for the foreseeable future. This challenge materialised as anticipated during the first half of 2008 with fuel and food prices reaching new record highs. Concerns that had been identified in relation to the turbulence being observed in the major financial markets also materialised, with the downturn in the US housing market and accompanying turmoil in the mortgage market resulting in a number of financial institutions around the world coming under stress and necessitating intervention by the authorities to restore some measure of stability.

1.5 The external factors, particularly those in relation to fuel and food prices, have the potential to exert considerable pressure on the domestic economic and social agenda and to undermine the considerable gains already made in improving the overall standard of living enjoyed by the people of

Guyana. For this reason, our Government has implemented a number of interventions to mitigate the effects of these developments, with the result that the impact of adverse external developments on our people has been very effectively contained, while macroeconomic stability has also been preserved.

1.6 Budget 2008 was also presented at a time of heightened domestic security concerns. As a result, the Budget highlighted a number of strategies and initiatives, and provided substantial fiscal allocations, all with the intention of strengthening our public safety institutions and enhancing the capacity of our entire law enforcement and justice systems. Government has been implementing these strategies and initiatives diligently, with the result that visible progress has been recorded in the fight against crime, including very recent successes that vindicate the efforts and reiterate the need for these efforts to be sustained.

1.7 At the same time, Budget 2008 came at a time of great opportunity for our country, an assessment that has emerged even more clearly as the year has progressed. Developments in the world market for food products resulted in renewed regional recognition of the role that Guyana can play as a leading producer of food in and for the Caribbean, resulting in increased investment in food production having already materialised, and the prospect of more large scale investment currently showing favourable signs. Upward movement in the world market price for certain non-food commodities such as gold and bauxite have also redounded to our favour, with increased investment and output in the mining sector being realised. Against the background of these and other developments reported on, the Guyanese economy is currently anticipated to sustain the growth path of the last two years.

## **2. Global Economic Developments**

2.1 Global growth is still projected at the 4.1 percent stated in this year's budget reflecting, as indicated earlier, the materialising of a number of the risks identified at the start of the year. The financial crisis that was prompted originally by the downturn in the US subprime mortgage sector and that resulted in a tightening of credit availability in the main developed markets, has led to a dampening of business and consumer confidence in the advanced economies as well as some moderation of growth in emerging and developing economies.

2.2 At the same time, the global economy is confronting higher inflation in both emerging and advanced countries, due mainly to the developments alluded to earlier in relation to the world market for fuel and food commodities. Oil prices continued to rise steadily in the early months of 2008 and reached their highest levels ever in the first half of the year. By June 2008, the average price had risen 47.1 percent to US\$131.52, up from an average of US\$89.43 per barrel in December 2007. These increases were driven primarily by supply concerns in the context of limited spare capacity, inelastic demand for crude oil, the depreciation of the US dollar, and some speculation as evidenced in the supply and demand for oil futures. While there was some reversal subsequent to the end of the half year, with prices returning to below US\$115 per barrel in August, it is too early to conclude that this reversal signals a persistent trend.

2.3 In the case of food prices, continued low inventory levels, supply interruptions occasioned by increasingly unpredictable climatic episodes, growing global demand heightened by the increased emphasis on biofuel production, along with capacity constraints faced by producers, continue to keep prices high, and food price escalation continues to significantly affect both advanced and emerging economies. Price increases were led in the markets for cereals, especially rice, maize or corn, and barley. Wheat prices also rose rapidly in the first quarter of the year, but subsequently moderated and commenced some reversal to end the half year below the levels that obtained at the end of 2007. Similar signs of moderation and modest reversal were also observed in food commodity prices other than wheat after the end of the half year, but as is the case with fuel prices, more time is required to interpret these latest developments reliably.

2.4 In the Caribbean, growth is currently projected at 4 percent for 2008, despite the increasing challenges posed by the external environment and notwithstanding rising inflationary pressure in all of the regional economies on account of imported factors. Throughout the first half of the year, the debate intensified on the potential impact on the Region of the Economic Partnership Agreement that was initialled at the end of last year by the Caribbean Regional Negotiating Machinery on behalf of CARIFORUM with the EU. While Guyana's concerns had long been registered, the debate was characterised by a marked increase in the reservations being expressed by stakeholders in several CARICOM Member States and by some of the Region's most prominent regionalists. Guyana has announced its intention to host public consultations on this matter.

### **3. Domestic Economic Developments**

#### **A. Real Economic Growth**

3.1 Real output was projected to grow by 4.8 percent in 2008 at the time of the Budget. Underlying this expansion was anticipated strong performances from the traditional sectors, with the sugar, rice, mining and quarrying sectors projected to lead growth in the economy. In addition, a number of other sectors, including new and emerging industries and some traditional service sectors, showed the prospect for strong dynamism. Specifically, transport and communication, financial services, and distribution, were all projected to return strong performances. These growth projections reflected increased investment and enhanced productive capacity in several of these sectors, sustained export prices in some sectors, and increased domestic demand including as a result of preparations for and the hosting of CARIFESTA X.

3.2 In the first half of the year, the economy achieved real growth of 3.8 percent. This compares with growth of 5.8 percent in the first half of 2007. Based on the outturns for the first six months, and updated information on the outlook for the remainder of the year, the economy is now projected to grow by 4.9 percent in 2008, slightly more moderate than the 5.4 percent realised last year, but a marginal upward revision from the originally projected 4.8 percent for this year.

3.3 The sugar sector achieved a first crop production of 103,280 tonnes, as against 100,952 tonnes last year, therefore returning growth of 2.3 percent in the first half of 2008. The sector's performance was influenced by weather-induced delays in harvesting, worker turnout levels that were below expectation, and unanticipated episodes of industrial stoppages. On the other hand, the use of recently acquired mechanised cane harvesters is expected to significantly improve harvesting efficiency in the second crop. In addition, work has progressed on the Skeldon factory, which is expected to be commissioned before the end of the year. A second crop output of 186,720 tonnes would be required if the budgeted production of 290,000 tonnes for the year were to be achieved. This would require management of the industrial relations situation to optimise harvesting activity by minimising interruptions and maximising worker turnout, along with effective management of the factories to optimise grinding operations. Recent developments in and pronouncements from the industry suggest that a more conservative projected second crop output of 175,720 tonnes and a

full year total of 279,000 tonnes might be more appropriate. This mid-year report therefore revises projected sugar production downwards accordingly, and the sugar sector is now expected to grow by 4.7 percent as against the budgeted 8.8 percent.

3.4 The first crop production of the rice sector amounted to 172,497 tonnes and represented 2.1 percent growth over last year's first crop of 168,902 tonnes, reflecting some measure of recovery by the sector from challenges faced in recent years along with the early results of the industry's production response to favourable price developments. Based on current information available on cultivation, the second crop is expected to yield 178,503 tonnes which would represent 38.1 per cent growth over the previous year's 129,223 tonnes, as a result of increased acreage put under cultivation and higher yields anticipated as a result of new varieties being introduced. This would bring the total production to 351,000 tonnes or a 17.7 percent increase over the previous year's production, an upward revision from the budgeted 7.6 percent growth.

3.5 Livestock production was projected to grow by 2.5 percent in 2008. In the first six months of the year, this sector recorded significant growth of 9.6 percent over the comparative period last year, with increased production recorded in the beef, pork, and egg subsectors, including as a result of ongoing Government programmes to distribute high quality breeding stock. The sector is now projected to grow by 7.5 percent in the full year.

3.6 Production in the other crops sector expanded by 9.5 percent in the first six months of the year, reflecting increased export and domestic demand for the products of this sector as well as early returns to the national campaign to promote increased food production. This campaign included the nationwide distribution of seeds and other planting material along with improved extension services. The sector is expected to maintain the momentum of the first half of the year and grow by 8 percent at the end of the year, up from an original projection of 2.5 percent.

3.7 Output of the fisheries sector in the first half of this year approximated last year's production levels, mainly due to contraction in the active fishing fleet as a result of increased fuel prices, reduced fishing stock associated with declining productivity in certain fishing grounds, and the continued threat of piracy. As a result, projected growth in this sector for the current year is revised downwards from the budgeted 3 percent to negative 2 percent.

3.8 The forestry sector was targeted to record growth of 3 percent, recovering from the 11.1 percent contraction in output in 2007. Instead, the first half of 2008 saw a 23 percent reduction in output relative to the comparative period last year. This arises from increased enforcement activities by the Guyana Forestry Commission which resulted in a number of operators being found to be delinquent in their required submissions to the Commission, and an associated decline in output for the period. The majority of operators have since complied with the regulatory requirements by the end of the half year, but several are yet to return to active operations. Even with some expected recovery in production during the peak period from August to November, it is not anticipated that this can compensate for the production shortfall so far, and the sector is accordingly projected to decline by 14 percent relative to the growth of 3 percent that was budgeted.

3.9 Following a strong growth performance of 22.7 percent in 2007, the mining and quarrying sector was projected to grow a further 5.8 percent in 2008. In the first half of the year, the sector grew by 15.2 percent on the strength of robust performances in both the bauxite and gold subsectors, and the sector is now anticipated to grow overall by 13.4 percent at the end of the year.

3.10 Bauxite output expanded by 22.8 percent, with production of 1,164,735 tonnes as against the 948,608 tonnes recorded in the corresponding period last year, underlying which were increased production of calcined, chemical grade and metallurgical grade bauxite at both the Linden and Berbice river operations. The continued strong performance of the subsector is reflective of the industry's increased productive capacity as a result of the significant private investments in the sector along with favourable market conditions. Bauxite output is now projected to grow by 22.4, revised upwards from the budgeted growth of 17.1 percent.

3.11 The gold subsector recorded growth of 12 percent, with raw gold declarations totalling 120,510 ounces as against the 107,641 ounces declared in the first half of last year. This reflected continued favourable developments in the world market. As a result, gold output is projected to increase by 7.2 percent by the end of the year, instead of the projected tapering to negative 2.7 percent. On the other hand, diamond declaration maintained its steady decline, partly as a result of migration of capacity and effort into the gold subsector, as a result of which total declarations

amounted to 82,468 metric carats compared with 170,226 metric carats declared last year, a decline of 51.6 percent with limited expectations of a turnaround.

3.12 Manufacturing output was projected to grow by 3 percent. Instead, the sector recorded a contraction in output of 3 percent reflecting lower levels of production of certain beverage, food, and pharmaceutical products. While some of this development is attributable to temporal factors, and is expected to be reversed in the second half of the year, the sector's growth projection has been revised downwards to negative 2 percent.

3.13 On the other hand, the distribution sector has continued to return strong performances, with growth of 11 percent achieved in the first half of 2008, consistent with the marked increases realised in both imported consumer goods as well as domestic production of agricultural items. The resultant effect is a revised projection of 7 percent growth for the sector as against an original projection of 5 percent.

3.14 The transport and communication sector was targeted to grow by 8 percent in 2008 with the thrust coming from both the transportation and telecommunications subsectors, but with a greater comparative contribution from the transportation subsector as the telecommunications subsector was expected to record some tapering of the rapid growth it recorded in 2007. Overall, the sector is estimated to have grown at 4.5 percent in the first half of the year, and now has a revised growth projection of 7 percent for the year.

3.15 The target of 4 percent for this year for the engineering and construction sector was based on an expectation of renewed emphasis on construction of home residential units and commercial properties, while large infrastructure projects such as the Berbice River Bridge and other major civil works projects advance to completion. The sector recorded growth of 4.6 percent at the half year, and the whole year revised projection is now set at 6.4 percent.

3.16 The financial services sector grew by 8.5 percent in the first half of the year, reflecting competition in the sector, and increased activity in the expanding branch network and across the range of services. This growth reflects continued expansion in credit to the private sector, recorded primarily in the mining, agriculture, rice milling, and real estate subsectors during the first half of the

year. This trend is expected to continue, thus enabling the sector to end the year with growth of 7 percent, up from the projected 5.5 percent

3.17 Rental of dwellings grew by 3 percent in the first half of the year, resulting in a upward revision in the growth projection for the year from 2 to 3.6 percent. While other services grew by 8.4 percent in the half year, projected growth for the full year is maintained at 4 percent.

## **B. Balance of Payments**

3.18 The overall balance of payments reflected an overall surplus of US\$47.6 million from a deficit of US\$12.3 million for the corresponding period in 2007. The overall surplus contributed to the accumulation of foreign assets by the Bank of Guyana.

3.19 The merchandise trade deficit at end June 2008 amounted to US\$261.3 million, 41.1 percent above the 2007 level for the same period. This reflected a sharp rise in the value of imports by US\$145 million, which exceeded the US\$68.9 million increase in export earnings recorded in the first half of 2008.

3.20 Total export earnings amounted to US\$381 million, an increase of 22.1 percent over the US\$312.2 million achieved in the corresponding period of 2007. This is attributed to both higher volumes exported and favourable world market prices for a number of the key export commodities.

3.21 Sugar export earnings amounted to US\$57.8 million, an increase of 3 percent over the same period last year. This was attributed to higher prices obtained in some markets along with the favourable effects of the Euro strengthening against the US dollar, causing the effective average price for the first half of this year to be some 7.3 percent higher at US\$662.2 per tonne relative to US\$616.9 during the corresponding period. On the other hand, the volume of exported sugar decreased by 4 percent to 87,297 tonnes.

3.22 Rice export earnings amounted to US\$50.5 million in the first six months of this year, 30.9 percent more than the level for the corresponding period last year. Although average export prices

for rice surged by 111.4 percent to US\$558.9 per tonne, the volume of rice exports declined by 38.1 percent to 90,337 tonnes from the 145,920 tonnes exported in the corresponding period in 2007.

3.23 Receipts from bauxite exports amounted to US\$68 million, 57.5 percent above the value at the end of June 2007. This was due to a significant increase in export volume to 1,214,891 tonnes, representing a 35.7 percent increase over the volume exported in the first half of 2007. In addition, the average unit price experienced a 16 percent increase to US\$56 per tonne. Receipts from gold exports also increased significantly, rising by 46.4 percent to US\$100.8 million compared to US\$68.8 in 2007. This was the result of increased export volumes, consistent with the increased production recorded as activities by both small and medium sized miners increased to take advantage of favourable world prices. Export volume rose to 120,264 ounces from 106,276 ounces recorded at the end of June 2007. The average price per ounce rose to US\$838, a 29.4 percent increase from the average of US\$647.7 obtained in the first six months of 2007.

3.24 The value of timber exports was US\$23.9 million, 8.1 percent below the level for the corresponding period in 2007, on account of a decline in exports of both plywood and other timber exports and reflecting the reduced level of production. Other exports (non-traditional exports including re-exports) totalled US\$80 million, 0.8 percent more than the value for the corresponding period in 2007.

3.25 Net payment for services amounted to US\$48 million up from US\$31.1 million for the corresponding period in 2007. This expansion was attributed mainly to increased payments for non-factor services, which totalled US\$41.8 million up from US\$25.6 million, primarily as a result of higher merchandise and freight insurance. Net payment for factor services expanded by 11.9 percent to US\$6.1 million.

3.26 The value of merchandise imports grew by 29.2 percent or US\$145 million to US\$642.3 million. The increase mainly reflected higher food prices and the record prices for fuel and its resulting impact on other commodities. All three categories of imported goods, namely consumption, intermediate and capital goods, recorded increases during the review period. Imports of consumption goods amounted to US\$152.9 million, an increase of 24.5 percent, and reflected significant increases in the value of imported motor vehicles, food for final consumption, and other

non-durables. Imports of intermediate goods recorded a 41.2 percent increase to US\$354.2, primarily attributed to an increase in the value of imported fuel, lubricants, and food for intermediate use. Imports of capital goods increased by 10.6 percent to US\$129.9 million, which primarily reflected higher imports of agricultural and mining equipment.

3.27 Net current transfers expanded by 10.7 percent to US\$145.6 million, reflecting higher inflows in the form of remittances. Taken as a whole, these developments resulted in the current account deficit widening significantly by 93.1 percent or US\$78.9 million to US\$163.6 million.

3.28 The capital account recorded a higher surplus of US\$184.6 million, 177 percent more than the US\$66.6 million achieved for the corresponding period in 2007. This was due to higher net private investment which amounted to US\$126.8 million from US\$76.4 million for the same period in 2007. Net short term capital outflows fell to US\$5.6 million from the US\$47.2 million for the corresponding period for 2007, which reflected disposal by the commercial banks of foreign assets during the review period.

3.29 Although the current account deficit deteriorated significantly, the improvement in the surplus on the capital account led to an overall surplus of US\$47.6 million from a deficit of US\$12.3 million at the end of June 2007. In line with these developments, gross international reserves of the Bank of Guyana increased to US\$380.9 million at the end of June 2008, which is equivalent to 2.7 months of imports of goods and services.

### **C. Monetary Developments**

3.30 Key monetary aggregates continued to grow during the first half of 2008, reflecting increased economic activity. The stock of broad money grew by 6.6 percent to \$174.2 billion, underpinned by increases in both net foreign assets and private sector credit.

3.31 The public, private, and non-bank financial institution sectors held higher deposits with the commercial banks, with residents' deposits rising by 11.6 percent to \$184.3 billion in the first half of 2008. Private sector deposits with the commercial banks increased by 9.7 percent to \$143.6 billion,

with business enterprises accounting for an increase of 11.7 percent to \$24.4 billion and individual customers accounting for an increase of 9.2 percent to \$119.2 billion.

3.32 Under the review period, net domestic credit by the banking system contracted by 20.5 percent to \$33 billion. This outturn was a result of the significant decline in public sector credit which offset the increased credit to the private sector.

3.33 Private sector credit in the form of loans and advances grew by 5.7 percent to \$77.5 billion, compared with an 8.3 percent increase at end June 2007. This expansion was largely driven by growth in the mining, agriculture, real estate mortgage, and rice milling sectors, which increased by 90.6 percent, 17.9 percent, 13.3 percent and 10 percent respectively. Loans to the distribution, personal, and other services sectors also increased by 6.3, 3.6, and 1.3 percent, respectively. At the end of June 2008, the commercial banks' major exposure to the private sector were 24 percent to real estate mortgages, 23 percent to personal, 15 percent to distribution, 11 percent to manufacturing, 10 percent to other services, 9 percent to other, 5 percent to agriculture, 2 percent to rice milling, and 2 percent to the mining and quarrying sector.

3.34 The public sector continued to be a net depositor of funds with the banking system at the end of June 2008, with net deposits increasing by 49.9 percent to \$33.9 billion. The Central Government moved from being a net creditor of \$3.5 billion at the end of 2007 to a net depositor of \$1.7 billion at the end of June 2008, while public enterprises recorded a 5.1 percent increase in net deposits to \$10.4 billion. The other category of the public sector which includes local government and the National Insurance Scheme recorded a 34.2 percent increase in net deposits.

3.35 The non-bank financial institutions recorded a 15.3 percent increase in their net deposits to \$10.8 billion at the end of June, arising primarily from a 15.6 percent increase in deposits of the private non-bank financial institutions.

3.36 During the review period, the net foreign assets of the banking system grew by 17.6 percent to US\$480.2 million. The net foreign assets of the commercial banks grew by 2.9 percent to US\$194.5. Higher net foreign assets of the commercial banks resulted mainly from increased holdings of foreign securities abroad. The gross foreign liabilities fell by US\$1.9 million at the end of

June 2008. Net foreign assets of the Bank of Guyana increased by 30.3 percent to US\$285.8 from the US\$219.4 million recorded at the end of last year. Foreign assets increased by US\$68.4 million during the review period while the foreign liabilities increased by US\$2 million from the US\$93.2 million registered at the end of 2007.

3.37 Commercial banks interest rates fell during the first half of the year on account of higher levels of liquidity. The prime lending rate fell to 14.54 percent from 14.71 percent at the end of 2007, while the small savings rate also registered a corresponding decline to 3.08 percent from 3.15 percent. The commercial banks' interest rate spreads between the savings rate and prime lending rate remained high at 11.46 percent at the end of June 2008. The spread between the 91-day treasury bill rate and the small savings rate expanded from 75 basis points at the end of 2007 to 86 basis points at the end of the first half of 2008.

3.38 Total liquid assets of the commercial banks amounted to \$72.5 billion or 11.5 percent above the level at the end of 2007. The banks' excess liquidity amounted to \$30.6 billion or 73.1 percent more than the required amount. The high level of excess liquid assets continued to reflect the banks' preference for short term assets comprising mainly of Government of Guyana treasury bills. Treasury bills accounted for 57.5 percent of total liquid assets while deposits with banks abroad declined by 15.9 percent. Total reserves deposited with the Bank were \$27.8 billion, 21.8 percent above the level at the end of 2007. The required statutory reserves of the banks were \$23.7 billion, 10.1 percent higher than the level at the end of 2007, reflecting the increase in savings deposit liabilities over the review period. Reserves in excess of the minimum requirement totalled \$4.1 billion at the end of the first half of 2008.

#### **D. Inflation**

3.39 As indicated earlier, the inflationary pressures experienced by the world economy last year as a result of rising prices in the market for certain primary commodities, particularly fuel and food, continued throughout the first half of this year. These pressures manifested themselves in both developed and emerging economies, and small vulnerable economies such as those in the Caribbean and Guyana's continued to confront the reality of significant increases in import prices.

3.40 In Guyana's case, the consumer price index increased by 5.8 percent in the first half of the year. This was driven primarily by increases in food prices, most notably upward movements in the categories of cereals and cereal products, sugar, honey and related products, and pulses and pulse products, while other categories of food items recorded more moderate increases in prices. Transport and communication, and fuel and power also contributed significantly to the overall movement in prices, reflecting increases in fuel prices and electricity tariffs. As the half year progressed, the rate of increase in prices slowed markedly reflecting parallel developments in the world market for relevant commodities, domestic market supply seasonalities, Government intervention in some markets to cushion the impact of price increases on domestic consumers, and the emergent effects of Government policy such as the emphasis on increased food production. In light of these developments, the inflation projection for the year is now revised from 6.8 percent at the time of Budget 2008 to 8.1 percent.

3.41 Recognising the impact that global price increases could have on domestic consumers if left unchecked, Government implemented a number of initiatives to cushion the effect that imported price escalation would have on the domestic economy and particularly on the most vulnerable sections of society. Reduced excise tax rates continued to be applied on gasoline and diesel in keeping with Government's policy to lower the rates when world market prices are rising and vice versa. In addition, the policy of charging no taxation on kerosene and cooking gas was maintained, and the list of basic items that are zero-rated for the purposes of the value-added tax was also extended during the first half of 2008. Prominent among the items from which the value-added tax was removed were wheat and wheaten flour.

3.42 Electricity tariffs were increased for the first time since 2005. However, the tariff increases were structured in a progressive manner to ensure that small household consumers who comprise the majority of the electricity customer base would bear the least burden, while customers classified as Government agencies would absorb a higher tariff increase. In addition, during the first half of the year, Government concluded an agreement with GPL to provide a total of US\$31.4 million over a two year period to finance the purchase of new generating capacity, conversion of existing capacity to heavy fuel oil, and upgrading transmission lines. Of this amount, \$4.3 billion is provided in the budget for disbursement in 2008, and the project is intended to increase generating capacity, contain production costs, and improve quality and reliability in the interest of all electricity consumers.

Further, shortly after the end of the half year, Government also sought and obtained Parliamentary approval for supplementary appropriations of \$3.7 billion to provide financial support to GPL to assist in meeting the rising fuel costs. Other utility charges in the public sector, such as water rates, bridge tolls, and ferry tolls remained broadly unchanged throughout the half year, with a few minor exceptions, and Government bore the overwhelming majority of the increased cost of providing the associated services.

3.43 During the first half of 2008, Government also implemented an initiative to ensure regular and affordable supply of basic food items such as rice, sugar, flour and bread. This was done through special initiatives to purchase and resell rice, sugar and flour in small packets at prices that ensured that the most vulnerable could access these commodities affordably and that also introduced an element of competition to help contain the profit margins that were being charged on these commodities. In addition, cash transfers were provided to the local flour milling company to cushion the cost of flour purchased by bakers and biscuit manufacturers.

3.44 Further, Government implemented a comprehensive campaign to promote increased food production in Guyana, targeting both commercial and subsistence farmers. Under this “Grow More” campaign, chemicals and fertilisers, along with some 600,000 packages of vegetable seeds, were earmarked for distribution across all ten Regions of Guyana.

3.45 In addition to the efforts described above to restrict the pass through of world market price increases on domestic consumers and to promote increased domestic food production, Government also took steps in the first half of 2008 to ensure that upward adjustments were effected to disposable incomes, particularly for those with fixed incomes and the most vulnerable.

3.46 To this end, firstly, a 63 percent increase in old age pensions from \$3,675 to \$6,000 monthly and an 82 percent increase in public assistance to vulnerable individuals from \$2,470 to \$4,500 monthly were implemented with effect from 1<sup>st</sup> January. Under this arrangement, some 50,000 beneficiaries will receive increased direct income support. Secondly, the income tax threshold was increased by 25 percent from \$28,000 to \$35,000 monthly with effect from 1<sup>st</sup> January 2008, benefiting all taxpayers with higher take-home pay, and removing some 36,000 persons from the requirement to pay income tax. Thirdly, a 5 percent across-the-board increase in wages and salaries

was paid with effect from 1<sup>st</sup> January to public servants, teachers, and members of the disciplined services, following the 9 percent increase that was paid to all of these categories of Government employees with effect from 1<sup>st</sup> January last year. Fourthly, Government also approved the payment of a temporary cost of living adjustment to Government employees earning a basic salary below a specified threshold. Under this initiative, a temporary adjustment of \$4,000 per month, free of income tax, will be paid during the months of May to December 2008 to public servants, teachers, and members of the disciplined services whose basic monthly salary is \$50,000 or less. This adjustment was intended to be temporary in nature and will be reviewed at the end of 2008.

3.47 Taken together, these measures constitute a comprehensive response by our Government to the external shock being experienced by small economies like Guyana's in relation to imported price pressures. As indicated, this response is based on the four-pronged strategy of containing the pass through of world market prices to the domestic consumer, ensuring the continued availability of basic goods and social services at affordable prices, increasing domestic food production through short immediate interventions and a longer term strategy, and increasing disposable incomes particularly for the most vulnerable in a sustainable manner.

## **E. Fiscal Position**

3.48 The overall deficit after grants of the Central Government was projected to improve to \$11.4 billion compared with the actual deficit of \$16 billion in 2007. At the end of the first half of the year, an overall surplus of \$6 billion was realised compared with a surplus of \$3.4 billion realised during the corresponding period last year.

3.49 Total revenue (net of rice levy) in 2008 was projected at \$81.6 billion as against the \$80.4 billion realised in 2007. At the end of June 2008, revenue collections totalled \$42.5 billion compared with \$40.5 billion collected last year. The outturn in the first half of 2008 was on account of strong performances in certain categories of both tax and non-tax revenue which offset revenue foregone in other categories.

3.50 Customs and trade taxes (not including value-added and excise taxes) were programmed to decline to \$6.7 billion, from the \$8.2 billion collected in 2007, given that last year's outturn included

residual collections of \$1.4 billion from the abolished consumption taxes. Consistent with this projection, customs and trade tax collections for the period January to June 2008 amounted to \$3.1 billion as compared to \$4.3 billion in 2007. Underlying these collections in 2008, import duties totalled \$2.7 billion, a 6.6 percent increase over the \$2.6 billion collected in 2007, reflecting the higher level of imports realised this year.

3.51 Value-added and excise taxes were programmed to collected \$41.4 billion in 2008 up from the \$36.7 billion collected in 2007, reflecting the fact that this year would have represented the first full year of collections for the value-added tax. Actual collections in the first half of the year amounted to \$17.8 billion compared with the \$17.1 billion collected last year. These collections comprised a marginal increase in value-added tax collections to \$11 billion from \$10.2 billion, and excise tax collections declining to \$6.7 billion from \$7 billion. These changes reflect the fact that, as indicated, the first half of this year represented a full collection period of six months for the value-added tax, as against last year when the tax on domestic supplies would only have been received by Government from the second month of the year on the commencement of return filing. Underlying these collections is also a \$2 billion decline in excise tax on petroleum products, from \$3.9 billion to \$1.9 billion reflecting the reduction in the tax rate. This was partially offset by stronger collections on other imports, with motor vehicle imports in particular recording a strong increase.

3.52 Internal revenue collections amounted to \$19 billion in the first half of 2008 compared with \$17.4 billion collected last year. The main contributors to the increase recorded were improved private sector corporation tax performance, which accounted for an increase from \$6.5 to \$7.7 billion, along with improved performance in the category of income tax on self-employed, which increased from \$708 to \$932 million. Personal income taxes (PAYE) registered \$6.6 billion, \$22 million less than the collections for 2007. This reflected the impact of the increase in the income tax threshold, offset partially by the early payment of salary increases in the public and private sectors this year.

3.53 Non-tax revenue collection increased from \$1.6 billion in the first half of 2007 to \$2.6 billion in the first half of 2008. This was on account of the receipt of dividends from equity holdings in 2008 which were not received in the first half of 2007, and higher transfers of Bank of Guyana profits.

3.54 Based on these developments and updated projections for the remainder of the year, total current revenue is now projected at \$81.1 billion as compared with \$81.6 billion projected at the time of Budget 2008.

3.55 Total Central Government expenditure (net of rice levy) was budgeted to increase by 7.3 percent to \$115.4 billion. In the first half of 2008, expenditure totalling \$46.7 billion was incurred as against \$41.4 billion incurred last year, largely on account of higher recurrent spending in specific areas which offset somewhat lower capital expenditure.

3.56 Non-interest current expenditure rose by 26.7 percent to \$31 billion, reflecting increased spending on personal emoluments, goods and services, and transfer payments. The increase in personal emoluments reflects the impact of the 2007 salary increase which was implemented in the second half of last year, the 2008 salary increase which was implemented in the first half of this year, and the effect of the temporary cost of living adjustment paid to eligible public servants, teachers, and members of the disciplined services.

3.57 A total of \$24.3 billion was budgeted to purchase other goods and services, an increase of 19.5 percent over the actual amount spent in 2007. Actual expenditure at the half year in this category increased by 54.7 percent to \$11.1 billion as against \$7.2 billion last year. This increase was due mainly to one-off expenditure incurred to meet the cost of the national house-to-house registration exercise by the Guyana Elections Commission along with heightened activity by the Disciplined Services to enhance the domestic security situation. It was also partly attributable to increased electricity charges paid by Government as a result of increased tariffs and advance payment of accounts.

3.58 Recurrent transfer payments were budgeted at \$19.2 billion in 2008, representing a 19 percent increase from the actual expenditure in 2007. In the first half of the year, these payments rose by 21.1 percent to \$8.8 billion up from \$7.3 billion in 2007. This was primarily due to increased pension and public assistance payments consistent with the increases granted, and higher contributions to the cost of community power in Linden and Kwakwani.

3.59 Interest payments were projected to increase by 5.3 percent to \$6.5 billion. At the half year, a reduction of 7.8 percent was realised with payments totalling \$3.2 billion. External interest for the period January to June amounted to \$1.6 billion, a reduction of 2.5 percent as compared to the same period in 2007. This is reflective of the benefits received in 2007 from the Multilateral Debt Relief Initiative by the World Bank, International Monetary Fund and Inter-American Development Bank. Domestic interest was projected to decrease by 6.9 percent to \$2.9 billion from \$3.1 billion. In the first half of 2008, domestic interest charges decreased to \$1.6 billion from \$1.8 billion paid in same period of 2007, largely reflecting lower interest payments on all categories of treasury bills.

3.60 Amounts totalling \$40.8 billion were budgeted for Central Government capital expenditure for the full year. This total reflected a reduction of 4.8 percent from the 2007 level of \$42.9 billion, given that several major projects were either complete or significantly advanced towards completion, including the Community Services Enhancement Project, the Low Income Settlement Project, and the Public Management Modernisation Project. Capital expenditure for the first half of 2008 amounted to \$12.5 billion representing a 6.9 percent reduction as compared the same period for 2007.

3.61 Total expenditure is now projected at \$119.3 billion as against the \$115.4 billion which was programmed at the time of the budget. This includes revised non-interest current expenditure of \$72.9 billion, up from the budgeted level of \$68 billion, the principal factor underlying the increase being the \$3.7 billion anticipated to be transferred to GPL to support the operations of that company. Capital expenditure is now projected at \$39.9 billion compared with the \$40.9 billion budgeted.

3.62 Budget 2008 anticipated the receipt of grants totalling \$22.3 billion as against the \$11.1 billion received in 2007. Grants for the first half of 2008 totalled \$10.2 billion as against \$4.3 billion received in the same period last year, primarily as a result of an increase in non-project grants this year. The revised projection for grants in 2008 now amounts to \$22.4 billion.

3.63 The overall performance of the public enterprises for the first half of 2008 deteriorated to a deficit of \$3.8 billion as compared to a deficit of \$1.8 billion for the same period in 2007. This is mainly on account of the Guyana Sugar Corporation Inc. (GUYSUCO) which registered an overall

deficit of \$4.7 billion in the first half of the year compared with a deficit of \$2.5 billion in 2007. While GUYSUCO's receipts from sales increased by \$1.2 billion, employment costs, freight, and materials costs including fuel and fertiliser increased by a total of \$2.6 billion. In addition, even with Government's assistance that included accelerated payment of electricity charges, GPL's overall balance still deteriorated from a surplus of \$110.3 million to a deficit of \$91 million attributed to the rising costs of fuel, and this trend is expected to continue for the remainder of the year.

3.64 The 2008 overall deficit of the non-financial public sector was projected to improve to \$14.1 billion as against the actual deficit of \$16.4 billion in 2007. Consistent with this projection, at the end of June 2008, the overall balance reflected a surplus of \$2.2 billion compared to a surplus of \$1.7 billion at the end of June 2007. However, this position is not expected to be sustained for the remainder of the year, and the overall fiscal balance is now projected at \$20.3 billion, reflecting primarily the changing financial position of the public enterprises.

## **F. Debt**

3.65 Over the reporting period, Guyana's total stock of external debt increased by US\$55 million from US\$718.8 million at the end of 2007 to US\$773.8 million as at the end of June 2008, reflecting increased disbursements from both multilateral and bilateral sources.

## **G. Key Sector Highlights**

### **a. Education**

3.66 Of the budgeted allocation of \$19 billion for Education, \$8.2 billion was expended in the first half of 2008 as compared to \$7.6 billion in 2007. This increase was due to the accelerated implementation of several programmes, including the new fast track literacy initiative targeting low performing children, out of school youths, and adults. During the first half of the year, 250 literacy educators were trained to facilitate the implementation of this literacy initiative which is expected to benefit at least 9,000 children and 4,500 adults before the end of the third quarter of the year. In addition the roll out of the Primary School Information System (PSIS) for the second batch of schools resulted in the procurement of 100 computers in the first half of the year which will be

deployed to the regions later this year. Further, with the support of a number of domestic and international non-governmental organisations, Government has deployed over 500 computers to schools at various levels of the system.

3.67 In keeping with the objective of improving managerial capacity within the education system, the Monitoring and Evaluation, Reporting and Development (MERD) Unit, which has absorbed the Inspectorate Unit, was established at the beginning of this year. The unit will visit each Region at least twice per year to assess performance and compliance with the education strategy and policies and is expected to improve the delivery of education. Weaknesses in the management and supervision function will be detected and resolved through policy responses so that effective management and supervision of education resources is assured. During the first half of the year, the unit visited 20 nursery, 70 primary, and 54 secondary schools in Regions 3, 4, 5, 8, 10, and Georgetown.

3.68 In addition to the funds expended on teacher training during the first half of 2008, \$16 million was expended on the Masters Degree Programme which resulted in the upgrading of persons who will be responsible for the management and supervision of the education systems. This programme currently attracts more than 40 participants from across the education system. The World Teach Programme budgeted domestically at \$13 million for the year has resulted in a complement of 27 highly skilled graduates from prestigious foreign universities being made available to the education sector of Guyana, providing human resources for the sector in the areas of foreign languages and special needs.

3.69 Specific attention to hinterland areas has seen the continuation of Remote Area Incentive (RAI) payments to over 800 teachers located across Regions 1, 7, 8, 9 and riverain 10, while 20 computers were issued to Teacher Learning Resource Centres in Regions 1, 7, 8 and 9. Further, as part of the hinterland school feeding programme which currently benefits 60 schools in Regions 1, 7, 8 and 9 with a total enrolment of 11,116 pupils, the first half of the year saw over 19 schools being equipped with school kitchens to facilitate the serving of meals to pupils attending those schools.

3.70 Government's continued emphasis on ensuring adequate access to and physical upgrading of educational facilities manifested itself during the first half of the year in a number of infrastructural projects in the education sector being advanced. These included schools at Bartica and Mahaica currently under construction which, when completed, will add a total of 2,000 new secondary school places consistent with the goal of universal coverage. In addition, rehabilitation works at Light Town and Crabwood Creek Primary Schools have significantly progressed. Construction of Rewa Primary School also advanced along with the extension of the Kwakwani Secondary and Amelia's Ward Nursery Schools.

#### **b. Health**

3.71 In the Health sector, \$12.1 billion was budgeted to be spent in 2008, of which \$4.9 billion was expended at the half year. Consequently, during the first half of the year, Government continued to make significant strides in advancing the development of Guyana's public healthcare facilities, improving technological capacity, expanding the range of healthcare services, continuing the efforts to combat communicable diseases such as HIV, malaria, tuberculosis and dengue, and addressing chronic health problems and diseases in mental health. In addition the National Health Strategy 2008-2012 has been revised and is expected to be widely available later this year.

3.72 In the first half, the Georgetown Public Hospital Corporation (GPHC) conducted 5 hip replacement surgeries, 9 cardiac surgeries, 78 cancer treatment operations, and offered oncology services for the first time with the recruitment of a medical oncologist. Plans were also made for the first ever kidney transplant surgery to be conducted early in the second half of the year, providing additional evidence of the new and expanded services being offered in the sector.

3.73 Of the \$2.8 billion budgeted for operations and maintenance, \$1.6 billion was expended which includes the upgrading of the electrical and water system at the main referral hospital. Expanded services became available at several hospitals and health centres such as Nabacalis, Black Bush Polder, Canal No1, Kumaka, due to the deployment of 13 Cuban family health practitioners. The comprehensive diagnostic centres at Diamond and Leonora are now fully functional and serve the needs of Regions 3 and 4, while civil works are practically completed and the installation of

equipment is now being undertaken at the new facilities at Suddie, Mahaicony, Lethem, Mabaruma and Port Mourant Ophthalmology Centre.

3.74 In an effort to fill the human resource gap in the health sector, 5 postgraduate surgeons have completed their examinations and have been placed at New Amsterdam, Linden, Bartica and West Demerara Regional Hospital, respectively, while a further 8 students continued the postgraduate training programme in surgery at the Georgetown Public Hospital Corporation. Some 450 nurses were enrolled for training at the 3 nursing schools, representing the largest number of nurse trainees entering the training programme in recent memory. In addition, 9 audiology practitioners, 26 pharmacy assistants and 360 general nurses completed training in the 3 nursing training schools while 26 pre-medexes commenced eight weeks of community public health training at the various health centres and have since been sent to the GPHC for medical and surgical lectures and rotation. Further, 19 medical laboratory technician candidates commenced training in March 2008, and 8 nurse anesthesia candidates commenced training in April 2008. The latter is a critical programme for the development of the surgical teams in Guyana.

3.75 The sum of \$340 million was allocated for the Basic Nutrition Program for the continued distribution of sprinkles along with coupons to children and pregnant mothers. The sum of \$152 million was expended in the first half of the year on 10,200 beneficiaries by integrating the distribution of sprinkles to infants at the national level through some 105 health centres country-wide.

3.76 The drug demand reduction programme has heightened efforts in the fight against substance abuse. During the first half of the year, a workshop was held on drug education and life skills for 56 students and it is expected that in the latter half of the year, 30 persons will be trained in this area. The new Mental Health Strategy 2008-2012 is also being aggressively implemented, with the compilation of a new essential list of medicines for mental health, completion of guidelines for depression and anxiety, and training of more than 50 persons in motivational therapy to work with the substance abuse program. In the area of chronic diseases, new guidelines for diabetes and hypertension were introduced. The foot care programme has also been extended from 2 to 8 centres and a specialised foot care programme for diabetes has been introduced at the Georgetown Public Hospital Corporation.

### **c. Agriculture**

3.77 Diversification of the productive sector is a key component of the transformation process. Early in the second quarter of this year, a five year Agricultural Export Diversification Programme commenced. Significant improvements in the agribusiness sector and agriculture health and food safety systems will result from the implementation of this programme over the next five years. The launching of the Grow More Food campaign, which saw the distribution of seeds and fertilisers to households and farmers, is also expected to result in increased production of fresh fruits and vegetables for export and domestic consumption, an outcome that is already being observed.

3.78 In addition to fresh fruits and vegetables, other sectors such as aquaculture, apiculture and livestock production are benefiting from interventions to boost their expansion and development. The aquaculture industry benefited from the construction of a semi-intensive tilapia hatchery which was completed and commissioned shortly after the end of the half year, while training of 30 farmers will be conducted later this year at the Mon Repos aquaculture station. The hatchery is expected to produce 180,000 tilapia fingerlings per year, enough to stock 18 acres of ponds and benefiting 36 small farmers and their households. The swine breeding programme saw in the first half of this year over 120 boars and sows distributed to over 46 clusters of farmers, each cluster comprising 6 farmers, in Regions 1 to 7 and 10, while another 80 boars and sows will be distributed in the second half of this year. Yet another area of diversification is expected to be in the area of apiculture specifically the production of organic honey from Africanised honey bees. Over 200 persons are expected to be trained and Guyana will host the Fifth Caribbean Beekeepers Congress in November this year. The National Agriculture Research Institute has begun the construction of 10 seedling houses in Regions 1 to 7 and 10 which will serve as pilot facilities to give farmers in the respective Regions higher quality seedlings free of pests and diseases and later in 2008 the rehabilitation of the existing laboratory at NARI will commence.

### **d. Infrastructure**

3.79 In the continuing effort to maintain and enhance our physical infrastructure base in keeping with our transformation agenda, Government in 2008 allocated the sum of \$6.2 billion to improve

our country's roads and bridges network, with specific budgetary allocations of \$5 and \$1.2 billion, respectively. At the half year, \$1.3 billion was spent on roads and \$204.6 million on bridges

3.80 The rehabilitation of the New Amsterdam to Moleson Creek Road saw \$286.5 million, expended, representing mainly work on Lot 1 (New Amsterdam Stelling to No. 36 Village), while work has also commenced on Lot 2 (No. 37 Village to Moleson Creek). In addition, the Linden to Lethem road project's pre-feasibility study has been completed, and it is expected that the feasibility study will be proceeded with shortly.

3.81 Work also continued apace on the Berbice River Bridge, both by the private company constructing the bridge and by Government on the approach roads. At the half year, 18 spans including the high span were installed out of a total of 39 spans. Additionally, \$317.7 million or 32 percent of the allocations made for the access roads was spent. The sum of \$148.5 million was expended on the rehabilitation of bridges along the Timehri-Rosignol corridor. The Takutu Bridge linking Guyana and Brazil was also completed at the end of March 2008, opening a gateway of opportunities in trade and development.

3.82 Of the G\$160 million allocated, \$159.3 million has been disbursed to procure and install 4 fixed platform vehicle weight scales and 5 additional portable scales. The installation of these scales will facilitate the protection of our bridge infrastructure and also aid the function of load restriction to protect our road network.

3.83 The Government budgeted \$2.2 billion to continue construction, rehabilitation and maintenance of the sea defences structures of which, \$1.2 billion was disbursed. Major sea defence works are ongoing at Turkeyen/Ogle, Sea Spray, Toevlugt, Henrietta, Leguan Island, Kartabo, Profit Foulis, Riverview, New Forest, Belladrum, and Craig. Works completed include Profit Foulis and Gangaram. The establishment of a shore zone management system for monitoring, planning and management of the coastal zone in Regions 5 and 6 to protect the coastline is also completed.

3.84 Government allocated \$3.7 billion for the drainage and irrigation sector and in the first half of 2008 a total of \$1.3 billion dollars was expended on reducing flooding and improving irrigation to farmlands. The National Drainage and Irrigation Authority (NDIA) has been allotted \$2.1 billion to

improve the drainage and irrigation network across the country. In the first half of 2008, \$670 million has been expended. Construction and rehabilitation of culverts, kokers and structures are completed at Leguan, Palmyra, Hog Island, Boerasire conservancy, Vryheid and Nooten Zuil, and works are in progress at Beribissiballi, Enmore, Crown Dam and Moleson Creek. Works done in these areas, along with other identified areas such as Buxton, Parika Backdam, and Garden of Eden are expected to benefit 50,000 acres of farmland used for cane, rice, coconut, cattle and cash crop farming. Construction and rehabilitation of sluices are completed at Adventure and No. 67 Village, while works are on-going at Kurukururu, Kofi, Strathavon, Maida and Borlam. These works, along with other identified areas including Cozier, De-William and Soesdyke, are anticipated to benefit 250,000 acres of farmland used for cane, rice, coconut, cattle and cash crop farming. Embankment, empoldering and revetment works are completed at Ituribisi, Palmyra, Riverstown and Golden Grove, while works are ongoing at the East Demerara Water Conservancy and Kofi. Drainage pumps are currently being rehabilitated at Anna Regina and Cozier. These works when completed are expected to bring flood relief to 150,000 acres of cane, rice, coconut, cattle and cash crop farmland.

3.85 In electricity, as indicated earlier, Government signed an agreement with GPL to provide some US\$31.4 million over a two year period to finance the acquisition of more efficient power generating capacity and an upgraded transmission and distribution network. Of the amount of US\$21.2 million budgeted this year, at the end of June, US\$15 million was provided to GPL. Under this arrangements, GPL would procure and install a 20.7 MW power plant at Kingston by June 2009 for the Demerara system, along with the construction of foundation works at Kingston and the upgrading of the transmission line linking Kingston to Sophia, rehabilitate and convert the generating capacity at Canefield Power station to use heavy fuel oil instead of diesel and upgrade the transmission link from No. 53 Village to Skeldon.

3.86 In addition, under the Unserved Areas Electrification Programme (UAEP) a sum of G\$700 million was budgeted, of which \$112 million was spent during the first half of the year. This included the installation of solar electricity systems at Muritaro, Capoey, Kurukabaru, and Yarakita, bringing the benefits of electricity to residents in these communities.

## **4. Conclusion**

4.1 The first half of 2008 witnessed further expansion in real output despite the pressure exerted from the global fuel and food crises and the turbulence being experienced in the financial markets. This growth is expected to be sustained in the second half as a result of improved performances in a number of the domestic economy's productive sectors. These include the rice sector which, driven by strong prices on the world market, has seen increased acreage being brought under cultivation, the non-traditional crops and livestock sectors responding to favourable price developments and to Government initiatives to promote increased food production, and the gold and bauxite mining sectors recording increased private investment and strong output growth.

4.2 While fuel and food prices are expected to remain high on the world market for the remainder of the year, the weeks immediately following the half year provided some evidence of a tapering of the earlier rates of increase and, in some cases, moderate reversal was observed. These developments mirror the domestic situation, where the measures implemented by Government are being observed to have the desired effect of limiting the extent to which the domestic economy and the domestic population are affected by adverse external price movements.

4.3 Continued execution of Government programmes across all sectors is expected to accelerate in the second half of the year with the main projected outputs and outcomes being realised at the end of the year. Subject to the risks presented by the unpredictable external environment, the current domestic situation suggests a cautiously optimistic outlook for the remainder of the year.





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# APPENDICES



**APPENDIX A1**

**MID-YEAR GDP GROWTH RATES BY SECTOR**

<b>ITEM</b>	<b>2007 ACTUAL</b>	<b>2008 BUDGET</b>	<b>2007 H1</b>	<b>2008 H1</b>	<b>2008 REVISED</b>
SUGAR	2.7	8.8	11.7	2.3	4.7
RICE	-2.9	7.6	19.5	2.1	17.7
LIVESTOCK	2.0	2.5	12.7	9.6	7.5
OTHER CROPS	4.6	2.5	8.3	9.5	8.0
FISHING	3.2	3.0	-20.3	0.0	-2.0
FORESTRY	-11.1	3.0	-5.0	-23.0	-14.0
MINING & QUARRYING	22.7	5.8	20.5	15.2	13.4
MANUFACTURING	1.0	3.0	-10.2	-3.0	-2.0
DISTRIBUTION	9.0	5.0	10.7	11.0	7.0
TRANSPORTATION & COMMUNICATION	13.0	8.0	10.0	4.5	7.0
ENGINEERING & CONSTRUCTION	5.7	4.0	6.6	4.6	6.4
RENT OF DWELLINGS	3.0	2.0	3.5	3.0	3.6
FINANCIAL	7.0	5.5	6.2	8.5	7.0
OTHER	5.0	4.0	5.3	8.4	4.0
GOVERNMENT	1.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>5.4</b>	<b>4.8</b>	<b>5.8</b>	<b>3.8</b>	<b>4.9</b>



**MID-YEAR BALANCE OF PAYMENTS  
ANALYTICAL SUMMARY**

ITEM	2007 ACTUAL	2008 BUDGET	2007 H1	2008 H1	2008 REVISED
<b>A</b> <i>Current Account</i>	<i>(205.7)</i>	<i>(246.3)</i>	<i>(84.7)</i>	<i>(163.6)</i>	<i>(382.7)</i>
<b>1.0</b> <b>Merchandise (Net)</b>	<b>(381.7)</b>	<b>(388.1)</b>	<b>(185.1)</b>	<b>(261.3)</b>	<b>(440.7)</b>
1.1 Exports (f.o.b.)	680.9	736.9	312.2	381.0	823.3
1.1.1 Bauxite	101.5	130.0	43.2	68.0	138.2
1.1.2 Sugar	150.1	160.1	56.1	57.8	160.1
1.1.3 Rice	75.3	80.0	38.6	50.5	110.0
1.1.4 Gold	153.1	150.3	68.8	100.8	199.5
1.1.5 Timber	55.4	67.6	26.0	23.9	47.5
1.1.6 Other	128.9	135.9	72.3	75.4	150.0
1.1.7 Re - exports	16.5	13.0	7.1	4.6	18.0
1.2 Imports (c.i.f.)	(1,062.5)	(1,125.0)	(497.3)	(642.3)	(1,264.0)
1.2.1 Fuel & Lubricants	(284.6)	(335.0)	(131.3)	(203.5)	(454.0)
1.2.2 Other	(777.9)	(790.0)	(366.0)	(438.7)	(810.0)
<b>2.0</b> <b>Services (Net)</b>	<b>(110.8)</b>	<b>(135.6)</b>	<b>(31.1)</b>	<b>(48.0)</b>	<b>(132.0)</b>
2.1 Factor	(11.2)	(30.6)	(5.5)	(6.1)	(36.0)
2.2 Non Factor (Net)	(99.6)	(105.0)	(25.6)	(41.8)	(96.0)
<b>3.0</b> <b>Transfers</b>	<b>286.8</b>	<b>277.4</b>	<b>131.5</b>	<b>145.6</b>	<b>190.0</b>
3.1 Official	-	-	-	-	-
3.2 Private	286.8	277.4	131.5	145.6	190.0
<b>B</b> <i>Capital Account</i>	<i>168.7</i>	<i>249.9</i>	<i>66.6</i>	<i>184.6</i>	<i>358.2</i>
<b>1.0</b> <b>Capital Transfers</b>	<b>414.1</b>	<b>79.8</b>	<b>388.7</b>	<b>21.7</b>	<b>51.3</b>
<b>2.0</b> <b>Medium and Long Term Capital (Net)</b>	<b>(150.4)</b>	<b>190.0</b>	<b>(274.9)</b>	<b>168.4</b>	<b>286.9</b>
2.1 Non - Financial Public Sector Capital (Net)	(260.7)	59.3	(351.3)	41.6	139.2
2.1.1 Disbursements	104.9	59.7	24.1	87.0	212.3
2.1.2 Amortization	(41.4)	(11.7)	(18.9)	(21.9)	(45.7)
2.1.3 Other	(324.2)	11.2	(356.5)	(23.5)	(27.4)
2.2 Private Sector (Net)	110.3	130.7	76.4	126.8	147.7
<b>3.0</b> <b>Short Term Capital</b>	<b>(95.0)</b>	<b>(19.9)</b>	<b>(47.2)</b>	<b>(5.6)</b>	<b>20.0</b>
<b>C</b> <i>Errors and Omissions</i>	<i>35.6</i>	<i>0.0</i>	<i>5.8</i>	<i>26.6</i>	<i>(18.8)</i>
<b>D</b> <b>OVERALL BALANCE</b>	<b>(1.4)</b>	<b>3.6</b>	<b>(12.3)</b>	<b>47.6</b>	<b>(43.3)</b>
<b>E</b> <b>Financing</b>	<b>1.4</b>	<b>(3.6)</b>	<b>12.3</b>	<b>(47.6)</b>	<b>43.3</b>
<b>1.0</b> <b>Bank of Guyana net foreign assets</b>	<b>(37.3)</b>	<b>(33.0)</b>	<b>1.7</b>	<b>(66.4)</b>	<b>(27.0)</b>
<b>2.0</b> <b>Change in Non-Financial Public Sector Arrears</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3.0</b> <b>Exceptional Financing</b>	<b>38.7</b>	<b>29.4</b>	<b>10.6</b>	<b>18.8</b>	<b>70.3</b>
3.1 Debt Relief	7.5	-	3.7	2.3	35.4
3.2 Balance of Payments Support	-	-	-	-	-
3.3 Debt Forgiveness	29.2	30.1	6.0	16.8	35.5
3.4 Debt Stock Restructuring	2.0	(0.6)	0.9	(0.3)	(0.6)



APPENDIX C1

MID-YEAR MONETARY SURVEY

	2007 December	2007 H1	2008 H1
<b>1.0 Total Money &amp; Quasi Money</b>	<b>163,399.41</b>	<b>148,635.47</b>	<b>174,210.29</b>
<b>1.1 Money</b>	<b>54,240.69</b>	<b>44,591.12</b>	<b>55,302.85</b>
1.1.1 Currency	29,800.59	23,714.49	28,916.68
1.1.2 Demand Deposits	24,440.11	20,876.63	26,386.16
<b>1.2 Quasi Money</b>	<b>109,158.72</b>	<b>104,044.35</b>	<b>118,907.45</b>
1.2.1 Time Deposits	15,582.95	14,890.80	16,872.29
1.2.2 Savings Deposits	93,575.77	89,153.55	102,035.16
<b>2.0 Domestic Credit (Net)</b>	<b>41,430.51</b>	<b>44,811.94</b>	<b>32,955.38</b>
2.1 Public Sector (Net)	(22,619.89)	(13,585.82)	(33,909.63)
2.1.1 Central Govt. (Net)	3,522.17	7,170.02	(1,708.86)
2.1.2 Public Enterprises (Net)	(9,922.80)	(8,584.82)	(10,433.23)
2.1.3 Other Public Sector (Net)	(16,219.26)	(12,171.03)	(21,767.54)
2.2 Private Sector	<b>73,346.85</b>	<b>66,925.84</b>	<b>77,537.24</b>
2.2.1 Agriculture	2,984.48	3,027.84	3,518.30
2.2.2 Other Manu. & Process.	9,078.13	8,858.96	8,450.53
2.2.3 Rice Milling	1,556.45	1,517.65	1,711.93
2.2.4 Distribution	10,990.92	9,686.25	11,681.53
2.2.5 Personal	17,005.08	14,097.76	17,610.43
2.2.6 Mining & Quarrying	822.76	958.30	1,568.27
2.2.7 Other Services	7,523.74	6,725.07	7,620.09
2.2.8 Real Est. Mortg. loans	16,402.54	14,682.10	18,585.83
2.2.9 Other	6,982.77	7,371.91	6,790.34
2.3 Financial Insts.	(9,296.45)	(8,528.08)	(10,672.23)
<b>3.0 Foreign Assets (Net)</b>	<b>83,094.41</b>	<b>65,430.01</b>	<b>97,967.05</b>
3.1 Assets	113,224.46	95,636.14	128,196.47
3.2 Liabilities	(30,130.05)	(30,206.13)	(30,229.43)
<b>4.0 Other Items (Net)</b>	<b>38,874.49</b>	<b>38,393.51</b>	<b>43,287.87</b>



APPENDIX D1

MID-YEAR CONSUMER PRICE INDEX

	2007	2007	2008
	DEC	JUNE	JUNE
ALL ITEMS	250.0	246.1	264.4
FOOD	256.2	243.2	279.0
CLOTHING	86.6	86.3	85.1
FOOTWEAR AND REPAIRS	75.5	71.1	72.8
HOUSING	277.6	282.5	288.2
FURNITURE	161.6	163.2	161.4
TRANSPORT & COMMUNICATION	304.7	312.6	319.2
MEDICAL & PERSONAL CARE	287.4	281.9	292.4
EDUC., RECR. AND CULTL. SERVICE	270.1	269.5	273.4
MISC. GOODS & SERVICES	209.6	209.3	214.5



APPENDIX E1  
MID-YEAR CENTRAL GOVERNMENT FINANCIAL OPERATIONS

	2007 ACTUAL	2008 BUDGET	2007 H1	2008 H1	2008 REVISED
<b>Total Revenue</b>	<b>80,356.8</b>	<b>81,638.8</b>	<b>40,451.3</b>	<b>42,508.3</b>	<b>81,165.4</b>
<b>Revenue</b>	<b>80,356.8</b>	<b>81,638.8</b>	<b>40,451.3</b>	<b>42,479.3</b>	<b>81,107.4</b>
<i>Tax</i>	<i>77,353.2</i>	<i>78,204.0</i>	<i>38,806.7</i>	<i>39,900.3</i>	<i>77,886.9</i>
Income taxes	29,358.5	26,957.8	15,418.9	16,968.4	28,919.9
Consumption taxes	38,298.4	41,415.5	18,683.5	17,759.2	38,587.5
Trade taxes	7,101.1	7,067.4	3,082.1	3,298.2	7,417.4
Other	2,595.2	2,763.3	1,622.2	1,874.5	2,962.0
<i>Non-tax</i>	<i>3,003.6</i>	<i>3,434.8</i>	<i>1,644.6</i>	<i>2,579.0</i>	<i>3,220.5</i>
Private sector	2,275.7	2,440.8	945.6	1,475.2	2,097.0
Public enterprise & BOG	727.9	994.0	699.0	1,103.8	1,123.5
<b>Total expenditure</b>	<b>107,519.3</b>	<b>115,368.9</b>	<b>41,359.2</b>	<b>46,698.4</b>	<b>119,276.3</b>
<b>Current expenditure</b>	<b>64,626.8</b>	<b>74,515.1</b>	<b>27,909.4</b>	<b>34,173.1</b>	<b>79,406.4</b>
<i>Non-interest expenditure</i>	<i>58,432.7</i>	<i>67,991.8</i>	<i>24,461.6</i>	<i>30,992.7</i>	<i>72,883.1</i>
Personal emoluments	21,987.9	24,521.3	9,958.8	11,008.3	24,521.4
Other goods and services	20,341.4	24,300.4	7,200.0	11,141.1	24,867.3
<i>Transfer Payments</i>	<i>16,103.4</i>	<i>19,170.1</i>	<i>7,302.8</i>	<i>8,843.3</i>	<i>23,494.4</i>
Transfers to the private sector	16,103.4	19,170.1	7,302.8	8,843.3	19,794.4
Transfers to the public sector	-	-	-	-	3,700.0
<b>Interest</b>	<b>6,194.1</b>	<b>6,523.3</b>	<b>3,447.8</b>	<b>3,180.4</b>	<b>6,523.3</b>
External	3,088.7	3,631.2	1,629.9	1,589.9	3,631.2
Domestic	3,105.4	2,892.1	1,817.9	1,590.5	2,892.1
<b>Primary balance</b>	<b>21,924.1</b>	<b>13,647.0</b>	<b>15,989.6</b>	<b>11,486.6</b>	<b>8,224.3</b>
<b>Current balance</b>	<b>15,730.0</b>	<b>7,123.7</b>	<b>12,541.8</b>	<b>8,306.2</b>	<b>1,701.0</b>
<b>Capital Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29.0</b>	<b>58.0</b>
<b>Capital Expenditure</b>	<b>42,892.5</b>	<b>40,853.8</b>	<b>13,449.8</b>	<b>12,525.3</b>	<b>39,869.9</b>
<b>Overall Balance before Grants</b>	<b>(27,162.5)</b>	<b>(33,730.1)</b>	<b>(908.0)</b>	<b>(4,190.1)</b>	<b>(38,110.9)</b>
<b>Grants</b>	<b>11,136.0</b>	<b>22,324.9</b>	<b>4,338.0</b>	<b>10,161.6</b>	<b>22,411.9</b>
<i>HIPC relief</i>	<i>3,624.0</i>	<i>2,943.2</i>	<i>1,923.1</i>	<i>1,464.2</i>	<i>2,943.2</i>
Original	-	-	-	-	-
Enhanced	821.3	591.7	526.6	293.9	591.7
CMCF	513.9	513.9	257.0	257.0	513.9
MDRI	2,288.8	1,837.6	1,139.5	913.4	1,837.6
<i>Other</i>	<i>7,512.0</i>	<i>19,381.7</i>	<i>2,414.9</i>	<i>8,697.4</i>	<i>19,468.7</i>
Projects	6,343.9	6,355.0	2,414.9	2,289.6	6,323.0
Non-projects	1,168.1	13,026.7	-	6,407.8	13,145.7
<b>Overall Balance after Grants</b>	<b>(16,026.5)</b>	<b>(11,405.2)</b>	<b>3,430.0</b>	<b>5,971.5</b>	<b>(15,699.0)</b>
<b>Financing</b>	<b>16,026.5</b>	<b>11,405.2</b>	<b>(3,430.0)</b>	<b>(5,971.5)</b>	<b>15,699.0</b>
<i>Net External Borrowing</i>	<i>16,587.9</i>	<i>18,709.0</i>	<i>5,841.2</i>	<i>5,156.7</i>	<i>18,745.7</i>
Disbursements of Loans	19,964.1	33,169.3	4,846.4	11,764.7	35,345.1
Debt Repayments	3,063.3	3,121.8	1,422.3	1,338.1	3,121.8
Rescheduling	1,522.5	961.5	762.1	479.2	961.5
Guysuco - Escrow A/C	1,724.0	-	1,655.0	-	-
Overseas Deposit	(3,559.4)	(12,300.0)	-	(5,749.1)	(14,439.1)
<b>Net Domestic Borrowing</b>	<b>(561.5)</b>	<b>(7,303.8)</b>	<b>(9,271.2)</b>	<b>(11,128.1)</b>	<b>(3,046.7)</b>
<b>Net Divestment Proceeds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Figures: G \$ m**  
**Source: Ministry of Finance**



APPENDIX E2

MID-YEAR FINANCIAL OPERATIONS OF THE NON - FINANCIAL PUBLIC SECTOR

ITEM	2007 ACTUAL	2008 BUDGET	2007 H1	2008 H1	2008 REVISED
<b>Non-Financial Public Sector Revenues</b>	<b>85,757.8</b>	<b>87,015.4</b>	<b>40,703.5</b>	<b>41,361.3</b>	<b>84,599.9</b>
Central Government	80,356.8	81,638.8	40,451.3	42,508.3	81,165.4
Public Enterprises	5,401.0	5,376.6	252.2	-1,147.0	3,434.5
<b>Total Expenditure</b>	<b>113,336.0</b>	<b>123,438.0</b>	<b>43,387.2</b>	<b>49,308.7</b>	<b>127,357.5</b>
Current Expenditure	64,626.8	74,515.1	27,909.4	34,173.1	79,406.4
<i>Non-Interest Expenditure</i>	<i>58,432.7</i>	<i>67,991.8</i>	<i>24,461.6</i>	<i>30,992.7</i>	<i>72,883.1</i>
Personal Emoluments	21,987.9	24,521.3	9,958.8	11,008.3	24,521.4
Other Goods and Services	20,341.4	24,300.4	7,200.0	11,141.1	24,867.3
<i>Transfer Payments</i>	<i>16,103.4</i>	<i>19,170.1</i>	<i>7,302.8</i>	<i>8,843.3</i>	<i>23,494.4</i>
Transfers to the Private Sector	16,103.4	19,170.1	7,302.8	8,843.3	19,794.4
Transfers to the public sector	0.0	0.0	0.0	0.0	3,700.0
Interest	6,194.1	6,523.3	3,447.8	3,180.4	6,523.3
External	3,088.7	3,631.2	1,629.9	1,589.9	3,631.2
Domestic	3,105.4	2,892.1	1,817.9	1,590.5	2,892.1
<b>Current Balance</b>	<b>21,131.0</b>	<b>12,500.3</b>	<b>12,794.0</b>	<b>7,188.1</b>	<b>5,193.5</b>
Capital Revenue	0.0	0.0	0.0	0.0	0.0
Capital Expenditure	48,709.2	48,922.9	15,477.8	15,135.6	47,951.1
Central Government	42,892.5	40,853.8	13,449.8	12,525.3	39,869.9
Public Enterprises	5,816.7	8,069.1	2,028.0	2,610.3	8,082.2
<b>Overall Balance before Grants</b>	<b>-27,578.2</b>	<b>-36,422.6</b>	<b>-2,683.8</b>	<b>-7,947.5</b>	<b>-42,757.6</b>
Grants	11,136.0	22,324.9	4,338.0	10,161.6	22,411.9
HIPC Relief	3,624.0	2,943.2	1,923.1	1,464.2	2,943.2
Other	7,512.0	19,381.7	2,414.9	8,697.4	19,468.7
<b>Overall Balance after Grants</b>	<b>-16,442.2</b>	<b>-14,097.7</b>	<b>1,654.2</b>	<b>2,214.1</b>	<b>-20,345.7</b>
Financing	16,442.2	14,097.7	-1,654.2	-2,214.1	20,345.7
Net External Borrowing	17,610.3	15,062.7	6,672.0	8,210.7	22,470.8
Net Domestic Borrowing	-1,187.2	-965.0	-8,326.2	-10,424.8	-2,125.1
Net Divestment Proceeds	19.0	0.0	0.0	0.0	0.0

Figures: G \$ m  
Source: Ministry of Finance

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Mid-Year Report 2008  
Financial Operations of the Non-Financial Public Sector



## APPENDIX E3

## MID-YEAR PUBLIC ENTERPRISE

## CASH FLOW

ITEM	2007 ACTUAL	2008 BUDGET	2007 H1	2008 H1	2008 REVISED
<b>Receipts</b>	<b>90,157.6</b>	<b>100,580.8</b>	<b>38,564.8</b>	<b>46,072.8</b>	<b>107,429.0</b>
Enterprises	80,577.8	90,411.3	34,272.1	41,414.8	96,860.5
NIS	9,579.8	10,169.5	4,292.7	4,658.0	10,568.5
Contributions	8,059.8	8,600.5	3,999.4	4,332.0	8,996.0
Investment Revenue	1,520.0	1,569.0	293.3	326.0	1,572.5
<b>Total Expenditure</b>	<b>90,573.3</b>	<b>103,273.3</b>	<b>40,340.6</b>	<b>49,801.2</b>	<b>112,018.7</b>
<b>Total non-interest expenditure</b>	<b>84,361.9</b>	<b>94,818.3</b>	<b>38,130.9</b>	<b>47,054.4</b>	<b>103,549.5</b>
Non-financial public enterprise	74,890.5	84,036.4	33,587.1	42,402.6	93,011.9
Wages and Salaries	20,131.9	21,312.5	8,783.2	9,934.0	20,784.6
Goods and Services	54,120.6	62,267.7	24,652.9	32,274.7	71,771.0
Local taxes	638.0	456.2	151.0	193.9	456.3
The NIS	8,310.0	9,309.9	3,946.8	4,212.6	9,356.9
Taxes to central government	1,161.4	1,317.0	597.0	439.2	1,175.7
Dividends and transfers	-	155.0	-	-	5.0
<b>Primary surplus or deficit (-)</b>	<b>5,795.7</b>	<b>5,762.5</b>	<b>433.9</b>	<b>(981.5)</b>	<b>3,879.5</b>
<b>Interest</b>	<b>394.7</b>	<b>385.9</b>	<b>181.7</b>	<b>136.5</b>	<b>387.0</b>
External	116.4	136.5	50.1	38.6	137.0
Internal	278.3	249.4	131.6	97.9	250.0
<b>Current surplus or deficit (-)</b>	<b>5,401.0</b>	<b>5,376.6</b>	<b>252.2</b>	<b>(1,118.0)</b>	<b>3,492.5</b>
<b>Capital Expenditure</b>	<b>5,816.7</b>	<b>8,069.1</b>	<b>2,028.0</b>	<b>2,610.3</b>	<b>8,082.2</b>
Enterprises	5,777.3	7,979.1	2,001.2	2,604.5	7,992.2
NIS	39.4	90.0	26.8	5.8	90.0
Less Government transfers					
<b>Overall surplus or deficit before special transfers (-)</b>	<b>(415.7)</b>	<b>(2,692.5)</b>	<b>(1,775.8)</b>	<b>(3,728.3)</b>	<b>(4,589.7)</b>
Special Transfers				(29.0)	(58.0)
<b>Overall surplus or deficit after special transfers</b>	<b>(415.7)</b>	<b>(2,692.5)</b>	<b>(1,775.8)</b>	<b>(3,757.3)</b>	<b>(4,647.7)</b>
<b>Financing</b>	<b>415.7</b>	<b>2,692.5</b>	<b>1,775.8</b>	<b>3,757.3</b>	<b>4,647.7</b>
External	1,022.4	(3,646.3)	830.8	3,054.0	3,725.1
Domestic	(625.7)	6,338.8	945.0	703.3	922.6
Divestment Proceeds	19.0	-	-	-	-



APPENDIX E4  
MID-YEAR CENTRAL GOVERNMENT ABSTRACT OF  
NON-INTEREST CURRENT EXPENDITURE BY CHART OF ACCOUNT

Acct Cod	Chart of Account	2007 Actual	2008 Budget	H1 2007	H1 2008	2008 Revised
<b>Total Statutory Expenditure</b>		<b>2,169,133,000</b>	<b>2,388,675,000</b>	<b>1,016,418,738</b>	<b>1,084,337,488</b>	<b>2,388,675,000</b>
<b>Total Statutory Employment Expenditure</b>		<b>2,154,858,000</b>	<b>2,356,375,000</b>	<b>1,016,418,738</b>	<b>1,084,337,488</b>	<b>2,356,375,000</b>
6011	Statutory Wages and Salaries	363,287,000	421,897,000	162,661,835	215,217,763	421,897,000
6012	Statutory Benefits and Allowances	172,439,000	193,809,000	78,471,108	79,428,598	193,809,000
6013	Statutory Pensions and Gratuities	1,619,132,000	1,740,669,000	775,285,795	789,691,127	1,740,669,000
<b>Statutory Payment to Dependants Pension Funds</b>		<b>14,275,000</b>	<b>32,300,000</b>	<b>-</b>	<b>-</b>	<b>32,300,000</b>
6021	Statutory Payments to Dependants Pension Funds	14,275,000	32,300,000			32,300,000
<b>Total Appropriation Expenditure</b>		<b>56,263,535,780</b>	<b>65,603,104,000</b>	<b>23,444,941,632</b>	<b>29,908,364,722</b>	<b>70,494,463,000</b>
<b>601 Total Employment Costs</b>		<b>21,718,843,000</b>	<b>24,194,838,000</b>	<b>9,856,350,920</b>	<b>10,880,278,062</b>	<b>24,194,898,000</b>
<b>611 Total Wages and Salaries</b>		<b>15,444,674,000</b>	<b>17,285,219,000</b>	<b>7,696,552,475</b>	<b>8,647,095,013</b>	<b>17,283,629,801</b>
6111	Administrative	2,387,566,000	2,602,487,000	1,195,437,228	1,307,932,869	2,604,093,700
6112	Senior Technical	3,338,764,000	3,840,717,000	1,652,936,425	1,846,315,080	3,839,876,020
6113	Other Technical and Craft Skilled	2,421,891,000	2,634,503,000	1,224,107,911	1,324,304,221	2,634,412,000
6114	Clerical and Office Support	2,447,621,000	2,655,502,000	1,231,187,529	1,376,639,382	2,655,206,045
6115	Semi-Skilled Operatives and Unskilled	2,323,503,000	2,479,242,000	1,146,445,581	1,261,976,618	2,477,422,000
6116	Contracted Employees	2,166,486,000	2,450,890,000	1,080,981,782	1,336,509,656	2,451,545,272
6117	Temporary Employees	358,843,000	621,878,000	165,456,019	193,417,187	621,074,764
<b>613 Overhead Expenditure</b>		<b>4,109,422,000</b>	<b>4,576,922,000</b>	<b>2,141,753,042</b>	<b>2,219,937,843</b>	<b>4,578,571,199</b>
6131	Other Direct Labour Costs	830,520,000	897,417,000	389,142,639	401,024,762	898,788,688
6132	Incentives	9,966,000	10,000,000			10,000,000
6133	Benefits and Allowances	2,024,356,000	2,213,354,000	1,115,674,929	1,119,680,145	2,214,207,511
6134	National Insurance	977,914,000	1,166,951,000	498,245,282	532,593,905	1,166,375,000
6135	Pensions	266,666,000	289,200,000	138,690,192	166,639,031	289,200,000
<b>614 Revision of Wages and Salaries</b>		<b>2,164,747,000</b>	<b>2,332,697,000</b>	<b>18,045,403</b>	<b>13,245,206</b>	<b>2,332,697,000</b>
6141	Revision of Wages and Salaries	2,164,747,000	2,332,697,000	18,045,403	13,245,206	2,332,697,000
<b>620 Total Other Charges</b>		<b>34,544,692,780</b>	<b>41,408,266,000</b>	<b>13,588,590,712</b>	<b>19,028,086,660</b>	<b>46,299,565,000</b>
<b>621 Expenses Specific to the Agency</b>		<b>165,655,000</b>	<b>180,348,000</b>	<b>77,357,476</b>	<b>87,536,358</b>	<b>180,348,000</b>
6211	Expenses Specific to the Agency	165,655,000	180,348,000	77,357,476	87,536,358	180,348,000
<b>622 Materials, Equipment and Supplies</b>		<b>3,509,808,000</b>	<b>4,341,580,000</b>	<b>1,337,125,471</b>	<b>1,684,423,198</b>	<b>4,344,620,000</b>
6221	Drugs and Medical Supplies	1,951,326,000	2,110,672,000	837,681,473	1,116,241,051	2,110,712,000
6222	Field Materials and Supplies	379,426,000	726,110,000	172,818,817	196,569,857	726,110,000
6223	Office Materials and Supplies	382,269,000	500,745,000	153,846,778	155,405,555	500,745,000
6224	Print and Non-Print Materials	796,787,000	1,004,053,000	172,778,403	216,206,735	1,007,053,000
<b>623 Fuel and Lubricants</b>		<b>1,288,533,000</b>	<b>1,781,612,000</b>	<b>547,843,052</b>	<b>713,985,424</b>	<b>1,968,343,700</b>
6231	Fuel and Lubricants	1,288,533,000	1,781,612,000	547,843,052	713,985,424	1,968,343,700
<b>624 Rental and Maintenance of Buildings</b>		<b>1,886,382,000</b>	<b>2,311,863,000</b>	<b>649,143,197</b>	<b>664,764,397</b>	<b>2,310,593,000</b>
6241	Rental of Buildings	520,768,000	600,072,000	260,413,176	261,643,229	600,072,000
6242	Maintenance of Buildings	1,180,422,000	1,452,300,000	309,755,275	304,893,421	1,451,030,000
6243	Janitorial and Cleaning Supplies	185,192,000	259,491,000	78,974,746	98,227,747	259,491,000
<b>625 Maintenance of Infrastructure</b>		<b>1,053,356,000</b>	<b>1,448,276,000</b>	<b>321,810,009</b>	<b>347,019,285</b>	<b>1,449,576,000</b>
6251	Maintenance of Roads	274,544,000	338,282,000	68,138,879	83,760,282	338,282,000
6252	Maintenance of Bridges	75,651,000	108,348,000	20,596,797	27,468,773	108,348,000
6253	Maintenance of Drainage and Irrigation Works	319,070,000	425,746,000	113,014,482	111,051,678	425,746,000
6254	Maintenance of Sea and River Defenses	42,829,000	71,732,000	17,008,756	14,769,881	71,732,000
6255	Maintenance of Other Infrastructure	341,262,000	504,168,000	103,051,095	109,968,671	505,468,000

Figures: G \$  
Source: Ministry of Finance



## APPENDIX E4

MID-YEAR CENTRAL GOVERNMENT ABSTRACT OF  
NON-INTEREST CURRENT EXPENDITURE BY CHART OF ACCOUNT

Acct Cod	Chart of Account	2007 Actual	2008 Budget	H1 2007	H1 2008	2008 Revised
<b>626</b>	<b>Transport, Travel &amp; postage</b>	<b>1,701,708,000</b>	<b>2,177,287,000</b>	<b>559,061,838</b>	<b>821,168,757</b>	<b>2,335,656,300</b>
6261	Local Travel and Subsistence	737,734,000	1,040,451,000	241,987,705	420,783,193	1,138,820,300
6262	Overseas Conferences and Official Visits	185,438,000	183,500,000	45,875,060	53,475,579	183,500,000
6263	Postage, Telex and Cablegrams	21,500,000	44,267,000	9,549,724	8,321,562	44,267,000
6264	Vehicle Spares and Service	408,311,000	473,952,000	161,260,595	163,468,957	473,952,000
6265	Other Transport, Travel and Postage	348,725,000	435,117,000	100,388,754	175,119,466	495,117,000
<b>627</b>	<b>Utility Charges</b>	<b>5,298,228,000</b>	<b>5,024,805,000</b>	<b>1,554,848,703</b>	<b>3,275,371,509</b>	<b>5,024,835,000</b>
6271	Telephone Charges	370,143,000	393,872,000	149,802,871	161,757,763	393,882,000
6272	Electricity Charges	4,071,749,000	4,077,370,000	1,319,761,405	2,914,929,716	4,077,390,000
6273	Water Charges	856,336,000	553,563,000	85,284,427	198,684,030	553,563,000
628	Other Goods and Services Purchases	2,557,667,000	3,164,986,000	1,045,743,024	1,279,961,496	3,182,407,000
6281	Security Services	1,199,253,000	1,450,875,000	543,550,609	675,522,878	1,462,076,000
6282	Equipment Maintenance	486,289,000	637,880,000	136,642,314	171,749,508	637,880,000
6283	Cleaning and Extermination Services	159,717,000	195,108,000	64,915,996	68,434,221	195,108,000
6284	Other	712,408,000	881,123,000	300,634,105	364,254,889	887,343,000
<b>629</b>	<b>Other Operational Expenses</b>	<b>2,880,050,000</b>	<b>3,933,835,000</b>	<b>1,106,811,783</b>	<b>2,266,919,181</b>	<b>4,070,935,000</b>
6291	National and Other Events	222,479,000	427,458,000	110,735,743	171,654,521	428,558,000
6292	Dietary	1,101,949,000	1,371,553,000	463,814,442	569,007,502	1,437,553,000
6293	Refreshment and Meals	123,260,000	186,389,000	48,599,915	49,730,864	186,389,000
6294	Other	1,432,362,000	1,948,435,000	483,661,683	1,476,526,294	2,018,435,000
<b>630</b>	<b>Education Subvention and Training</b>	<b>1,994,267,000</b>	<b>2,345,353,000</b>	<b>811,487,513</b>	<b>902,619,750</b>	<b>2,326,832,000</b>
6301	Education Subventions and Grants	1,119,242,000	1,169,489,000	547,754,680	595,479,421	1,169,489,000
6302	Training (Including Scholarships)	875,025,000	1,175,864,000	263,732,833	307,140,329	1,157,343,000
631	Rates and Taxes and Subventions to Local Authorities	368,927,000	232,734,000	57,101,057	14,025,446	232,734,000
6311	Rates and Taxes	352,894,000	215,199,000	52,119,496	6,928,991	215,199,000
6312	Subventions to Local Authorities	16,033,000	17,535,000	4,981,561	7,096,455	17,535,000
<b>632</b>	<b>Subsidies and Contributions to Local &amp; Int Org</b>	<b>8,372,629,780</b>	<b>9,387,343,000</b>	<b>4,026,403,288</b>	<b>4,854,958,062</b>	<b>13,794,441,000</b>
6321	Subsidies and Contributions to Local Organisations	7,654,146,780	8,614,902,000	3,493,059,318	4,438,524,692	13,022,000,000
6322	Subsidies and Contributions to International Organisations	718,483,000	772,441,000	533,343,970	416,433,370	772,441,000
633	Refunds of Revenue	4,122,000	22,266,000	338,310	2,592,188	22,266,000
6331	Refunds of Revenue	4,122,000	22,266,000	338,310	2,592,188	22,266,000
<b>634</b>	<b>Pensions</b>	<b>3,463,360,000</b>	<b>5,055,978,000</b>	<b>1,493,515,991</b>	<b>2,112,741,609</b>	<b>5,055,978,000</b>
6341	Non-Pensionable Employees	136,243,000	154,069,000	50,173,935	37,426,505	154,069,000
6342	Pension Increases	1,182,689,000	1,352,909,000	510,511,111	543,262,414	1,352,909,000
6343	Old Age Pensions and Social Assistance	2,144,428,000	3,549,000,000	932,830,945	1,532,052,690	3,549,000,000
635	Other Public Debt	-	-	-	-	-
6351	Other Public Debt	-	-	-	-	-
<b>Grand Total</b>		<b>58,432,668,780</b>	<b>67,991,779,000</b>	<b>24,461,360,370</b>	<b>30,992,702,210</b>	<b>72,883,138,000</b>

Figures: G \$  
Source: Ministry of Finance



## APPENDIX E5

MID-YEAR CENTRAL GOVERNMENT  
ABSTRACT OF REVENUE BY HEAD

ITEM	2007 ACTUAL	2008 BUDGET	2007 H1	2008 H1	2008 REVISED
TOTAL REVENUE	107,077,905	124,241,289	49,108,620	58,391,649	123,890,663
TOTAL CURRENT RECEIPTS	80,356,912	81,638,806	40,450,844	42,479,309	81,107,454
<i>CURRENT RECEIPTS TAXES</i>					
I CUSTOMS AND TRADE TAXES	8,158,331	6,662,875	4,280,490	3,116,736	7,016,994
II VALUE ADDED AND EXCISE TAXES	36,713,179	41,415,451	17,135,912	17,758,339	38,586,713
II INTERNAL REVENUE	32,481,858	30,125,680	17,389,886	19,025,151	32,283,197
IV STAMP DUTIES	365,064	369,250	183,393	205,024	369,250
V OTHER TAX REVENUE	284,116	220,005	136,528	117,933	220,005
<i>FEES, FINES, ETC.</i>					
XI FINES, FEES. ETC.	763,755	662,000	389,951	413,904	662,000
<i>REVENUE FROM PROPERTY AND ENTERPRISE</i>					
XII INTEREST	31,568	31,200	1,285	15,348	31,200
XIII RENTS, ROYALTIES, ETC.	10,548	12,200	3,722	2,479	12,200
XIV LAND DEVELOPMENT SCHEMES					
XV DIVIDENDS AND TRANSFERS	1,006,500	1,565,000	699,000	1,345,753	1,350,750
<i>MISCELLANEOUS RECEIPTS</i>					
XVI MISCELLANEOUS RECEIPTS	541,992	575,145	230,676	478,642	575,145
TOTAL CAPITAL RECEIPTS	26,720,994	42,602,483	8,657,776	15,912,340	42,783,209
<i>CAPITAL RECEIPTS</i>					
XX SALE OF ASSETS, ETC.					
XXI MISCELLANEOUS CAPITAL REVENUE	2,802,760	2,351,509	1,396,466	1,199,377	2,409,541
XXII EXTERNAL GRANTS	7,512,020	19,381,674	2,414,890	8,697,355	19,468,668
XXIV EXTERNAL LOANS	16,406,214	20,869,300	4,846,420	6,015,609	20,905,000

Figures: G \$ '000  
Source: Ministry of Finance



APPENDIX E6

**MID YEAR CENTRAL GOVERNMENT SUMMARY OF  
CAPITAL EXPENDITURE BY SECTOR AND TYPE OF FINANCING**

SECTOR AND SOURCE		2007 ACTUAL	2008 BUDGET	2007 H1	2008 H1
1.0	<b>Agriculture</b>	<b>4,246.257</b>	<b>3,419.914</b>	<b>1,443.453</b>	<b>863.466</b>
	1.1 Specific	1,986.231	779.014	684.486	28.460
	1.2 Non- Specific	2,260.026	2,640.900	758.967	835.006
3.0	<b>Fishing</b>	<b>0.084</b>	<b>15.000</b>	<b>0.084</b>	<b>3.749</b>
	3.1 Specific	-	0.000	0.000	-
	Non- Specific	0.084	15.000	0.084	3.749
5.0	<b>Power Generation</b>	<b>3,024.451</b>	<b>5,121.800</b>	<b>66.571</b>	<b>3,205.389</b>
	5.1 Specific	1,097.190	5,086.000	51.573	3,194.006
	5.2 Non - Specific	1,927.261	35.800	14.998	11.383
6.0	<b>Manufacturing</b>	<b>46.469</b>	<b>64.425</b>	<b>14.289</b>	<b>16.470</b>
	6.1 Specific	-	0.000	0.000	-
	6.2 Non- Specific	46.469	64.425	14.289	16.470
7.0	<b>Construction</b>	<b>8,800.340</b>	<b>6,270.216</b>	<b>3,202.114</b>	<b>1,926.254</b>
	7.1 Specific	5,572.707	3,419.586	1,845.747	1,162.555
	7.2 Non- Specific	3,227.633	2,850.630	1,356.367	763.699
8.0	<b>Transport &amp; Communication</b>	<b>4,005.630</b>	<b>3,166.487</b>	<b>984.476</b>	<b>735.004</b>
	8.1 Specific	1,273.213	1,920.300	445.723	452.340
	8.2 Non- Specific	2,732.417	1,246.187	538.753	282.664
9.0	<b>Housing</b>	<b>1,378.937</b>	<b>1,345.100</b>	<b>621.616</b>	<b>260.044</b>
	9.1 Specific	822.946	850.000	494.906	193.534
	9.2 Non- Specific	555.991	495.100	126.710	66.510
10.0	<b>Environmental and Pure Water</b>	<b>3,921.334</b>	<b>3,684.250</b>	<b>804.123</b>	<b>927.543</b>
	10.1 Specific	2,128.194	2,859.500	712.783	825.305
	10.2 Non- Specific	1,793.140	824.750	91.340	102.238
11.0	<b>Education</b>	<b>3,916.351</b>	<b>3,146.600</b>	<b>1,453.904</b>	<b>1,262.185</b>
	11.1 Specific	2,001.488	1,672.200	818.159	631.264
	11.2 Non- Specific	1,914.863	1,474.400	635.745	630.921
12.0	<b>Health</b>	<b>2,725.146</b>	<b>3,076.341</b>	<b>947.584</b>	<b>789.390</b>
	12.1 Specific	1,675.325	2,255.000	540.676	643.558
	12.2 Non- Specific	1,049.821	821.341	406.908	145.832
13.0	<b>Culture/Youth</b>	<b>166.873</b>	<b>636.050</b>	<b>27.629</b>	<b>221.956</b>
	13.1 Specific	-	0.000	0.000	-
	13.2 Non -Specific	166.873	636.050	27.629	221.956
14.0	<b>National Security and Defence</b>	<b>141.978</b>	<b>685.000</b>	<b>0.000</b>	<b>554.788</b>
	14.1 Specific	-	0.000	0.000	-
	14.2 Non -Specific	141.978	685.000	0.000	554.788

**Figures: G \$ m**  
**Source: Ministry of Finance**



APPENDIX E6

**MID YEAR CENTRAL GOVERNMENT SUMMARY OF  
CAPITAL EXPENDITURE BY SECTOR AND TYPE OF FINANCING**

SECTOR AND SOURCE		2007 LATEST EST.	2008 BUDGET	2007 H1	2008 H1
15.0	<b>Public Safety</b>	1,037.980	1,320.350	115.369	192.113
	15.1 Specific	107.792	630.000	0.000	70.811
	15.2 Non -Specific	930.188	690.350	115.369	121.302
16.0	<b>Tourist Development</b>	8.460	4.065	1.902	2.440
	16.1 Specific	-	-	-	-
	16.2 Non -Specific	8.460	4.065	1.902	2.440
17.0	<b>Administration</b>	2,528.665	3,177.645	440.141	651.688
	17.1 Specific	1,405.001	1,680.500	251.659	441.954
	17.2 Non -Specific	1,123.664	1,497.145	188.482	209.734
18.0	<b>Financial Transfers</b>	3,974.550	4,237.092	2,439.500	472.269
	18.1 Specific	2,058.000	2,615.000	733.000	378.000
	18.2 Non -Specific	1,916.550	1,622.092	1,706.500	94.269
19.0	<b>Social Welfare</b>	2,968.982	1,483.465	887.053	440.548
	19.1 Specific	2,010.056	607.700	682.598	283.398
	19.2 Non -Specific	958.926	875.765	204.455	157.150
20.0	<b>Overall Total</b>	42,892.487	40,853.800	13,449.808	12,525.296
	20.1 Specific	22,138.143	24,374.800	7,261.310	8,305.185
	20.2 Non -Specific	20,754.344	16,479.000	6,188.498	4,220.111

**Figures: G \$ m**  
**Source: Ministry of Finance**



## APPENDIX F1

## MID-YEAR EXTERNAL DEBT STOCK SUMMARY

ITEM	2007 ACTUAL	2008 BUDGET	2007 H1	2008 H1	2008 REVISED
<b>TOTAL EXTERNAL DEBT</b>	<b>718.781</b>	<b>742.921</b>	<b>658.712</b>	<b>773.777</b>	<b>804.768</b>
<b>1.0 Multilateral</b>	<b>429.02</b>	<b>434.77</b>	<b>383.30</b>	<b>447.53</b>	<b>434.77</b>
IBRD	0.00	0.00	0.00	0.00	0.00
IDA	9.97	9.67	9.59	10.28	9.669
IADB	152.58	164.04	118.79	163.77	164.035
CDB	123.89	124.45	116.09	127.32	124.45
CMCF	31.10	31.10	31.10	31.10	31.10
IMF	58.56	57.92	56.17	60.54	57.92
Others 2/	52.91	47.59	51.56	54.52	47.59
<b>2.0 Bilateral</b>	<b>267.94</b>	<b>286.72</b>	<b>253.48</b>	<b>304.55</b>	<b>348.56</b>
<b>2.1 Paris Club Creditors:</b>	<b>59.05</b>	<b>56.53</b>	<b>59.56</b>	<b>58.51</b>	<b>56.53</b>
USA	0.00	0.00	0.00	0.0	0.00
-PL 480	1.06	1.01	1.11	1.06	1.01
UK	0.00	0.00	0.00	0.00	0.00
Canada	0.00	0.00	0.00	0.00	0.00
Germany	0.00	0.00	0.00	0.00	0.00
-KFW	0.00	0.00	0.00	0.00	0.00
Netherlands	0.00	0.00	0.00	0.00	0.00
Denmark	0.00	0.00	0.00	0.00	0.00
Norway	0.00	0.00	0.00	0.00	0.00
Sweden	0.00	0.00	0.00	0.00	0.00
France	0.00	0.00	0.00	0.00	0.00
Japan	0.00	0.00	0.00	0.00	0.00
T&T	53.14	51.27	53.96	52.25	51.27
Russia	0.28	0.00	0.28	0.28	0.00
Italy	4.57	4.25	4.21	4.93	4.247
Others 3/	0.00	0.00	0.00	0.00	0.00
<b>2.2 Non-Paris Club Creditors:</b>	<b>208.89</b>	<b>230.19</b>	<b>193.92</b>	<b>246.03</b>	<b>292.04</b>
Venezuela	40.31	48.46	16.46	72.01	110.18
Argentina	11.83	12.17	11.66	12.00	12.17
Kuwait	60.72	62.82	56.62	63.71	62.82
Libya	37.86	38.24	37.79	38.17	38.24
Cuba	0.00	0.00	0.00	0.00	0.00
Bulgaria	2.22	2.27	2.02	2.31	2.40
Others 4/	55.95	66.22	69.38	57.83	66.221
<b>3.0 Private Creditors</b>	<b>21.82</b>	<b>21.43</b>	<b>21.93</b>	<b>21.70</b>	<b>21.43</b>
3.1 Suppliers 5/	13.39	13.42	13.38	13.41	13.42
3.2 Financial Markets/Bonds 6/	8.42	8.02	8.55	8.29	8.02

## Notes:

1/ Takes into account debt relief granted under the Enhanced HIPC initiative and the Multilateral Debt Relief initiative.

2/ Includes EEC, EIB, IFAD, OPEC and IFC Loans.

3/ Includes CDC Loans.

4/ Includes DPRK, Brazil, China, UAE, India and Yugoslavia Loans.

5/ Includes ITT, Caterpillar Americas, Nissho Iwai/Komatsu, Boskalis, GPL (Banco de Credito, Panama) and EPDS debts.

6/ Includes Booker plc, Bonds, Bank of Nova Scotia, Lloyds Bank, GPL (NBIC/RBTT Debenture) and Barclays Bank debts.



APPENDIX G1

MID-YEAR EXPENDITURE OF KEY SECTORS

	2007 ACTUAL	2008 BUDGET	2007 HI	2008 HI
Education	17,147,669,904	19,015,292,000	7,581,800,001	8,164,057,880
Health	10,312,278,960	11,746,654,000	4,404,875,048	4,864,504,390
Culture	947,442,000	1,734,436,000	362,584,110	696,717,879
PSM	222,608,238	251,991,000	88,440,987	100,522,545
OP		317,299,000		94,559,000
Agriculture	6,706,252,000	6,288,298,000	2,497,245,000	2,088,549,375
Infrastructure	13,193,324,000	10,139,578,000	4,099,325,000	2,787,020,607
Housing and Water	5,779,116,000	5,519,130,000	1,662,896,980	1,427,622,449
Social Welfare	5,162,195,374	5,588,605,000	882,134,663	2,210,462,176
<b>GRAND TOTAL</b>	<b>47,359,524,864</b>	<b>47,189,822,000</b>	<b>18,583,245,049</b>	<b>17,904,132,252</b>